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29 January 1960

CRITICAL AREAS

France-Algeria

- I. European insurgents in Algiers now number 3,000-6,000--
virtually in control of the city.
 - A. French army, which shares settlers' fear self-determination, has permitted men and supplies to reach barricade and refused to use force against insurgents.
 - B. Withdrawal from Algiers of top military and civilian officials and radio appeals to loyal Moslems to demonstrate adds explosive element to picture.
 1. Reports that Chief of Staff Ely on secret orders from De Gaulle has flown to new command post in Algeria.
- II. De Gaulle's room for maneuver is narrowing. The one factor working for him is his position in metropolitan France.
 - A. De Gaulle has
 1. Overwhelming support of French public opinion
 2. Advantage that no prospective leader of comparable stature available.
- III. De Gaulle to make radio-television address today.
 - A. Expected to reaffirm his self-determination policy for Algeria.
 - B. Reportedly told cabinet he may mix conciliation with firmness.

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C. Rumors persist that De Gaulle may soon fly to Algeria to take personal command.

IV. Key factor is army.

A. Now questionable whether any statement De Gaulle might make on government willingness to work for "frenchification" of Algeria would win him necessary army backing.

V. Insurgents threaten to establish independent government in Algeria, if De Gaulle holds firm.

A. Increasing talk of military coup against Paris, possibly with Salan or Juin at the head.

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1. He may hope to win army support by elaborating pledge to work to convince Moslems to opt for French status.
 - a. This would imply army willingness to induce settlers to accept commitment short of flat promise Algeria would remain French.

II. Sino-Indian Border

- A. For almost nine years, ChiComs and India have held conflicting border claims, but recent intensity of dispute stems from the Tibetan revolt.
 1. Alarmed by Peiping's actions in Tibet, New Delhi last spring looked to security of its northern borders and moved some frontier outposts closer to disputed McMahon line.
 2. Concurrently, Chinese troops drove into area just north of line, determined to crush revolt and seal border.
 3. On 26 August, Chinese patrol drove an Indian outpost from position New Delhi considers to be on its side of line, and border controversy flared into open dispute.
- B. ChiCom moves have angered Indian populace, forced Nehru for first time to face up to threat from Peiping, and made position of Indian Communists extremely difficult.
- C. Indians and Chinese have increased troop strength near border but both have told outpost units to stop patrolling, thus reducing chance of further clashes.

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D. On diplomatic level, dispute remains deadlocked.

1. Latest official statements merely underscore how far apart Indian and Chinese positions are.
2. Nehru has rejected Chou En-lai's repeated invitations to meet with him, insisting that Chinese should get out of Indian territory and accept McMahon line before negotiations are held.
3. [REDACTED] Nehru is now considering meeting with Chou in April or May to try and break deadlock.
4. Any shift in his position probably won't be firmed up until after Khrushchev's visit to Delhi in mid-February and the outcome of the Sino-Burmese negotiations can be studied.

~~Under following paragraph~~
II. Middle East

- A. Iraqi anti-Communists dissatisfied with Prime Minister Qasim, but so far have been unable to remove him. Further plotting likely.
- B. Communist domestic position still strong, despite factionalism within Communist party.
- C. Army remains most important basic element in situation; seems to be leaning away from Communists.
- D. Externally, Qasim seeking by propaganda and subversion to take advantage of Nasir's difficulties in Syria, where resentment of Egyptian domination and three poor crop years have made UAR a less popular concept.

1. Nasir not in deep and immediate trouble yet, but has not solved long-range problem of how to govern Syria; this could play into Iraq's hands.
- E. Jordan's King Husayn supporting Iraqi exiles, including some pre-revolutionary Iraqi cabinet members. Likely to add to bitterness and tension in area.
- F. Shah of Iran adamant in refusal to broaden recent offer to Soviets to exclude foreign missile bases, while Khrushchev equally adamant in demanding exclusion of all foreign military bases from Iran.
- G. The basic causes for dissatisfaction in Iran remain unchanged despite the Shah's reform attempts and reports of anti-regime plotting continue to be received.

IV. Laos

- A. Laos remains troublesome spot, even though Communist military dissidence has subsided.
 1. New government was formed 7 January followed forced resignation former old guard Premier Phoui and one week of rule by five army generals.
 2. Cabinet probably best that could be obtained under present conditions and, in view balanced composition, should ease strains between squabbling anti-Communist forces.
 - a. New Premier (Khou Abhay) is respected elder statesman.
 - b. Main function of new cabinet will be to prepare for rational assembly elections later this year.

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3. Communist dissidents retain considerable potential for guerrilla war of attrition on country wide basis.
4. Although anti-Communist young reformers disclaim any intention to force radical changes in policy a harder line toward Communists is possible.
5. A repressive government would stimulate Communists at home and abroad to take counter measures.

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V. Taiwan Strait

- A. While Taiwan Strait remains potential trouble spot, tensions have relaxed since early '59.
 1. ChiCom leaders have told foreign visitors recently that issue would "resolve itself in the course of time."
 2. Occasional ChiCom propaganda statement which repeats "determination to liberate Taiwan" does so in terms of nebulous future.
 3. In recent months, Communist shelling of offshores has been moderate--usually less than 100 rounds on the days they fire.
- B. ChiNat garrison on offshores has been reduced from 90,000 to 75,000, but defenses augmented with increased artillery and tanks.
 1. Nationalists generally refraining from provocative actions.
 2. Barring major uprising on mainland, Nationalists are expected to live up to their commitments to consult with US before taking military action against mainland.

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VI Berlin

- A. While Berlin remains calm today, USSR can bring it to forefront at any time it wishes to create tension on the international scene.
- B. Khrushchev has repeated in current speeches his threat to sign separate peace treaty with East Germany, "with all its ensuing consequences," but we think he would do this only if summit talks break down completely and, even then, as a last resort.

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